

## SBIR and Phase III Transitioning and Other Opportunities

Following completion of phase II, small companies are expected to obtain funding from the private sector and/or non-SBIR government sources (in "phase III") to develop the concept into a product for sale in private sector and/or military markets.

### What is Phase III?

- A. [General](#)
- B. [Competition](#)
- C. [Phase III Limitations](#)
- D. [Data Rights](#)
- E. [Property](#)
- F. [Preference](#)
- G. [Indefinite Delivery/Indefinite Quantity](#)

### Where can I find additional resources and opportunities within the Army?

- [Army's Office of Small and Disadvantaged Business Utilization \(OSADBU\)](#)
- [Doing Business with the Army](#)
- [What does the Army buy?](#)
- [Search](#) the Army Single Face (ASFI) to Industry Acquisition Business Website.
- Army's ManTech [Program](#)

### Where can I find other Federal resources and opportunities?

- [The Small Business Development Center](#) (SBDC) Program
- [Business.gov](#)
- [Pro-Net](#)
- [FedBizOpps.gov](#)
- [Grants.gov](#)

### Where can I find additional resources and opportunities within DoD?

- The Department of Defense [Basic Research Program](#)
- Other [Research and Educational Opportunities in Science and Engineering](#)
- The [Research, Development & Engineering Command](#) (RDECOM)
- The [DoD Technology Transfer Office](#)
- The [Tri-Service Solicitation Network](#)
- [Selling to the Military](#)
- [Procurement Technical Assistance Centers](#) (PTACs)
- [Small Business Specialists](#)
- The [Defense Link](#)

### What is Phase III?

- A. **General.** SBIR Phase III refers to work that derives from, extends, or logically concludes effort(s) performed under prior SBIR funding agreements, **but is funded by sources other than the SBIR Program.** Phase III work is typically oriented towards commercialization of SBIR research or technology. A Federal agency may enter into a Phase III SBIR agreement at any time with a Phase II awardee. Similarly, a Federal agency may enter into a Phase III SBIR agreement at any time with a Phase I awardee.
- B. **Competition.** SBIR Phase III awards may be made without further competition. The competition for SBIR Phase I and Phase II awards satisfies any competition requirement when processing Phase III awards. Therefore, an agency is not required to conduct another competition in order to satisfy any statutory provisions for competition. Contract file documentation should demonstrate that the proposed Phase III award is derived from,

extends or logically concludes efforts performed under prior SBIR funding agreements and is authorized under 10 U.S.C. 2304(b)(2) or 41 U.S.C. 253(b)(2). A separate J&A document is not required, pursuant to 10 U.S.C. 2304(b)(3) or 41 U.S.C. 253(b)(3).

- C. **Phase III Limitations.** There is no limit on the number, duration, type, or dollar value of Phase III awards made to a business concern. There is no limit on the time that may elapse between a Phase I or Phase II award and Phase III award or between a Phase III award and any subsequent Phase III award. Also, **the small business size limits for Phase I and Phase II awards do not apply to Phase III awards.**
- D. **Data Rights.** A Phase III award is, by its nature, an SBIR award, has SBIR status, and must be accorded SBIR data rights. If an SBIR awardee wins a competition for work that derives from, extends, or logically concludes that firm's work under a prior SBIR funding agreement, then the funding agreement for the new competed work must have all SBIR Phase III status and data rights.
- E. **Property.** SBIR legislation directs that an agency allow an SBIR awardee participating in the third phase of the SBIR Program continued use, as a directed bailment, of any property transferred by the agency to the Phase II awardee. A federally funded Phase III award (normally a government contract) would include appropriate property clauses. However, a non-federally funded Phase III agreement would not address government property. A separate bailment agreement would need to be made between the Government and the contractor. A suggested Bailment agreement format is provided.
- F. **Preference for follow-on Awards to SBIR Contractor and SBA Notification Requirement.** The SBIR Program Policy Directive points out that Congress intends that agencies that pursue R/R&D or production developed under the SBIR Program, give preference, including sole source awards, to the awardee that developed the technology. Agencies that intend to pursue R/R&D, production, services, or any combination thereof of a technology developed by an SBIR awardee of that agency, with an entity other than that SBIR awardee, must notify SBA in writing prior to such an award. This notice requirement also applies to technologies of SBIR awardees with SBIR funding from two or more agencies where one of the agencies determines to pursue the technology with an entity other than that awardee. This notification must include, at a minimum: (a) the reasons why the follow-on funding agreement with the SBC is not practicable, (b) the identity of the entity with which the agency intends to make an award to perform research, development or production; and (c) a description of the type of funding agreement under which the research, development, or production will be obtained. SBA may appeal the decision to the head of the contracting activity. If SBA decides to appeal the decision, it must file a notice of intent to appeal with the contracting officer no later than 5 business days after receiving the agency's notice of intent to make award. **Upon receipt of the SBA's notice of intent to appeal, the contracting officer shall suspend further action on the acquisition until the head of the contracting activity issues a written decision on the appeal.** However, the contracting officer may proceed with award if he or she determines in writing that the award must be made to protect the public interest.
- G. **Indefinite Delivery/Indefinite Quantity (ID/IQ) Contracts in Phase III.** In order to facilitate the rapid transition of SBIR technologies from Phase II to Phase III, the Navy has pioneered the use of the ID/IQ type contract for Phase III efforts. See also FAR subpart 16.5. This approach allows multiple sponsors to contract with SBIR companies for Phase III follow-on efforts in an efficient and expedited manner through the use of individual task or delivery orders. This approach eliminates the necessity of writing multiple contracts with the same contractor for a particular technology. The basic ID/IQ contract can be written for a maximum 10 year term. See DFARS 217.204(e)(i). This contracting approach can save a significant amount of procurement administrative lead

time over the life of the contract. An example of a model ID/IQ contract can be found on the NAVAIR website, [www.navair.navy.mil/sbir/p3\\_basic.htm](http://www.navair.navy.mil/sbir/p3_basic.htm).

### **Where can I find additional resources and opportunities within the Army?**

- The Army's Office of Small and Disadvantaged Business Utilization ([OSADBU](#)): Their goal is to establish the Army as the premier organization for the promotion of and assistance to [small business](#), [small disadvantaged business](#), [women-owned small business](#) and [Historically Black Colleges and Universities Minority Institutions \(HBCU/MIs\)](#), [Veteran Owned](#) and [HUBZone](#). Special emphasis is placed on assisting concerns who have been historically underutilized or who have had difficulty participating in our procurement process. It is their intent to bring faster, more efficient information on Army forecasted procurement opportunities, thereby providing the business community adequate time to develop business strategies. While DOD has closed many bases, installations and properties, the Army has more than 200 buying activities working diligently to accomplish our small business program goals. Our Mission is to ensure that every small business concern and HBCU/MI that wishes to do business with the Army has the necessary knowledge about the program and tools to successfully participate either as a prime contractor or a subcontractor.
- [Doing Business with the Army](#). Start a tutorial to learn the basics of Army business here.
- What does the Army buy? Find out by clicking [here](#).
- [Search](#) the Army Single Face (ASFI) to Industry Acquisition Business Website.
- ManTech supports process prototyping and pilot demonstration to develop or modify manufacturing technologies for the Army's use. The goal of the Army's ManTech Program is to provide essential manufacturing technologies that will enable affordability, sustainability, improved quality, shorter production lead times, enhanced productiveness, improved safety, and reduced risk in transitioning manufacturing technology to production. For more information, click [here](#).

### **Where can I find other Federal resources and opportunities?**

- [The Small Business Development Center](#) (SBDC) Program was designed to deliver up-to-date counseling, training and technical assistance in all aspects of small business management. SBDC services include, but are not limited to, assisting small businesses with financial, marketing, production, organization, engineering and technical problems and feasibility studies. Special SBDC programs and economic development activities include international trade assistance, technical assistance, procurement assistance, venture capital formation and rural development. They also provide assistance to small businesses applying for Small Business Innovation and Research (SBIR) grants from federal agencies. Find the nearest office by clicking [here](#).
- [Business.gov](#) guides you through the maze of government rules and regulations and provides access to services and resources to help you start, grow, and succeed in business.

- Sign up to Market your Business. Be sure to sign-up for SBA's [Pro-Net](#) to market your business or check [Pro-Net](#) for subcontracting opportunities.
- [FedBizOpps.gov](#) is the single government point-of-entry (GPE) for Federal government procurement opportunities over \$25,000. Government buyers are able to publicize their business opportunities by posting information directly to FedBizOpps via the Internet. Through one portal - FedBizOpps (FBO) - commercial vendors seeking Federal markets for their products and services can search, monitor and retrieve opportunities solicited by the entire Federal contracting community.
- [Grants.gov](#) allows organizations to electronically find and apply for competitive grant opportunities from all Federal grant-making agencies. Grants.gov is the single access point for over 900 grant programs offered by the 26 Federal grant-making agencies.

#### **Where can I find additional resources and opportunities within DoD?**

- The Department of Defense (DoD) supports a major [Basic Research Program](#) in the national interest, focusing on national security and contributing significantly to the economic infrastructure and, ultimately, the quality of life of the nation. Learn more by clicking [here](#).
- Learn about other Research and Educational Opportunities in Science and Engineering by clicking [here](#).
- Get information on Conducting Business with the Research, Development & Engineering Command (RDECOM) by clicking [here](#).
- The [DoD Technology Transfer Office](#) promotes partnering opportunities between the private sector and defense labs and improved accessibility of technology transfer information and activities.
- The [Tri-Service Solicitation Network](#) contains links to government agencies currently advertising solicitations on the Internet. Bid Solicitation CDs are not distributed from this site. To request bid solicitation CDs you must follow the links and request them directly from the issuing agencies.
- Get information on Selling to the Military by clicking [here](#).
- [Procurement Technical Assistance Centers](#) (PTACs) are located in most states and partially funded by DoD to provide small business concerns with information on how to do business with the Department of Defense. They provide training and counseling on marketing, financial, and contracting issues at minimal or no cost.
- [Small Business Specialists](#) are located at each DoD buying activity and can provide assistance on how to market to the DoD.
- The [Defense Link](#) website provides links to the homepages of every DoD activity. This information can be invaluable in researching the DoD marketplace and identifying your target market.